



CITIZENS' BUDGET BRIEF

2015

INTRODUCTION

Welcome

Welcome to the second annual Citizens' Budget Brief! This document is one of the ways to continue the conversation on the Maricopa County budget and how to best spend *our* tax dollars in fiscal year (FY) 2015. The word "OUR" indicates the collective responsibility and opportunity we all have in improving *our* community, Maricopa County. We believe that increased transparency fosters informed and engaged citizens. This budget brief provides an overview of the organization of the County, the budget process and the revenues and expenditures for FY 2015. Thank you for engaging in this partnership of shared governance!

2015 Budget Process

The FY 2015 budget process is best categorized as collaborative. Chairman Denny Barney made the FY 2015 budget a top priority. Weekly meetings were held with departmental management and the financial staff of the Judicial Branch, Elected and Appointed departments to understand and evaluate the County's budgetary needs. This process illustrates the Board of Supervisors' philosophy of broader participation in the budget process.

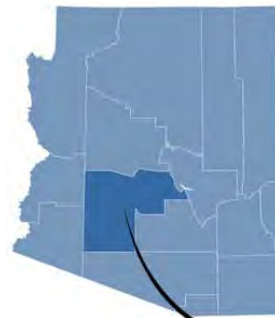


"The best outcome is the collaboration in terms of bringing everyone to the table."

Denny Barney
Chairman of the Board of Supervisors

Budget Highlights

The annual budget provides a roadmap for how the County will address policy, financial and operational decisions in delivering services to citizens. The budget serves as an internal and external communications device outlining organizational priorities and the resources allocated to deliver County services.



**Maricopa
County**

Population: 4,009,412
Land Area: 9,224 Sq Miles
Per Capita Income: \$27,552
Median Household Income: \$54,385
% of Arizona Population: 61%
Assessed Valued for the Median Value Single Family Home: \$110,600

Highlights of the FY 2015 Budget

- Expenditure budget of \$2.211 billion, a decrease of \$12.4 million as compared to Fiscal Year 2014.
- Primary property tax levy budgeted at \$442.8 million or \$162.9 million below the maximum levy.
- Initiate plan for a Reserve Fund with the goal of two months of operating expenditures.
- Continue the Capital fund budget of \$279 million with \$152 million set aside for technology capital improvements.
- Over 51% or \$1.1 billion of total County expenditures allocated to Public Safety services.

ORGANIZATIONAL STRUCTURE

Board of Supervisors

Maricopa County is a subdivision of the Arizona State government. The Board of Supervisors is the governing body for the County. Each member represents one of the five districts, which are divided geographically and by population to include a mix of urban and rural constituencies. Supervisors are elected to four-year terms and are not term-limited. The Board of Supervisors is also the Board of Directors for the Flood Control, Library, and Stadium Districts, and serves as the Board of Equalization, Board of Deposit and the Planning and Zoning Commission.



(from left) Andrew Kunasek, Clint Hickman, Marie Lopez Rogers, Chairman - Denny Barney, Steve Chucuri

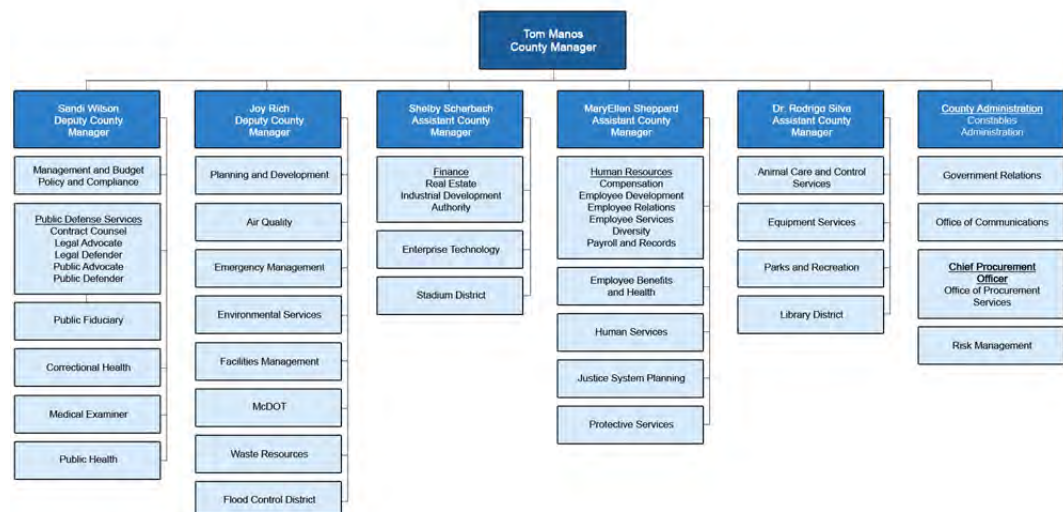
Constitutional Officials

Maricopa County's mandated functions are defined by both the Arizona State Constitution and the Arizona Revised Statutes. Nine County offices are independently overseen by elected officials: Assessor, County Attorney, Clerk of the Superior Court, Constables, Justices of the Peace, Recorder, Sheriff, Superintendent of Schools, and Treasurer. The Judicial Branch, headed by a Presiding Judge, includes the Superior Court, and the departments of Adult and Juvenile Probation.



Departments

In FY 2015 there are 53 distinct departments and 13,914 full-time positions delivering services to Maricopa County residents. We believe County employees are *Citizens Serving Citizens*. This describes the shared commitment and responsibility in public service of staff and residents.

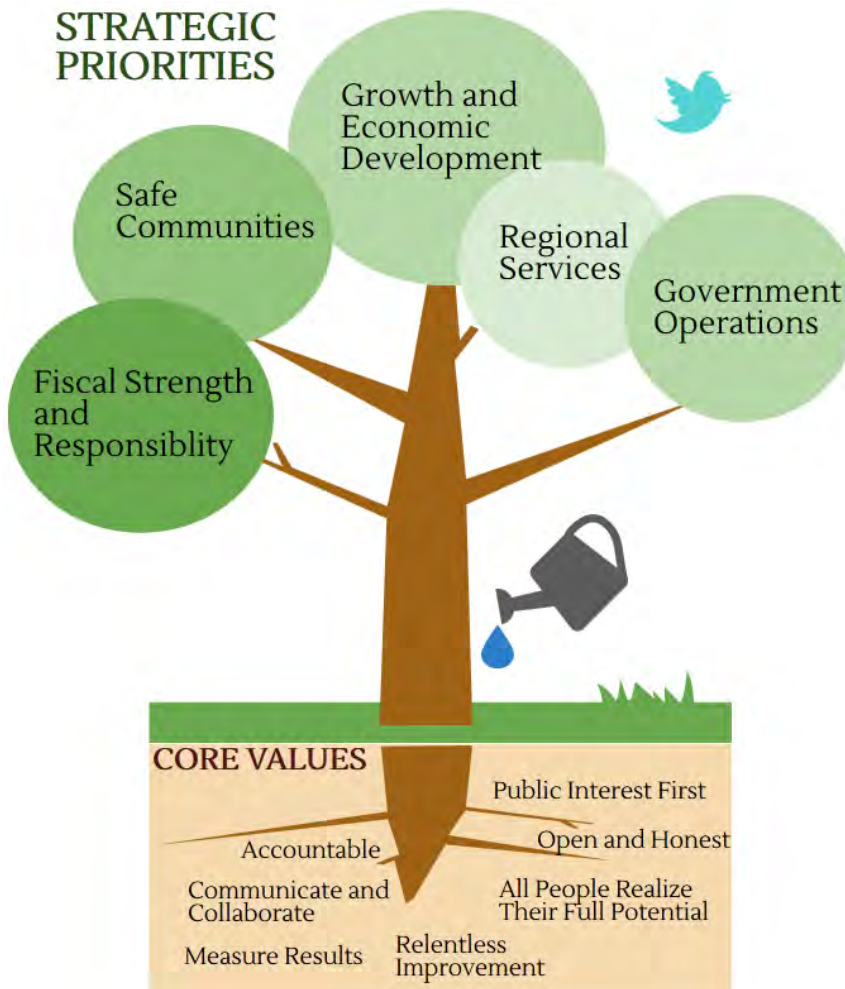


STRATEGIC DIRECTION

Strategic Priorities

The Countywide Strategic Plan guides County government actions in addressing current and future needs in Maricopa County. It sets direction for County government and defines roles and responsibilities. Maricopa County government officials use it to help guide decision-making. The Strategic Plan contains the County's mission and vision statements and a set of strategic priorities and goals that establish a roadmap of what the County aspires to achieve over the four-year period. Each priority area has several goals to achieve the Board of Supervisors' vision for the community.

STRATEGIC PRIORITIES



MISSION



Strategic Planning Process



• Board of Supervisors adopts plan	Success ★ May 14'
• Staff work with Departments to determine target values	Numbers Mar-Apr 14'
• Board & Elected Official Meeting: County Goals and Indicators - Language	Words Mar 14'
• Facilitators and Staff refine and develop strategic goals • Board Chief Briefings	Staff Revisions Jan-Feb 14'
• Board & Elected Official Meeting on County Issues • Board & Elected Official Meeting on Financial Issues	Big Picture Dec 13'
• Facilitators' Orientation • Facilitators meet 1-on-1 with each Board Chief, then Supervisor, and County Manager • Pre-work with County staff • Board Briefings	Pre-Work Set the Stage Oct-Nov 13'
• Facilitator Selection • Staff Engagement – Initial thoughts for new plan	Plan Jul-Oct 13'

Participants

12 Elected Officials, 2 Presiding Judges, the Clerk of the Board and the County Manager participated in the Strategic Planning Process

ECONOMIC CONDITIONS

Maricopa County Recovery

Maricopa County is still recovering from the Great Recession—it was one of the hardest hit counties in the nation in terms of the number of foreclosures and housing value depreciation. Local economist, Elliott Pollack, estimates 251,000 jobs were lost in the Phoenix Metropolitan area at the low-point of the recession and only 59% have been replaced as of March 2014. The reduction in jobs almost tripled the unemployment rate while also affecting the labor force participation rate in the County.

Labor Force Participation

The Labor Force Participation Rate is the total number of work-age people (ages 16-65), working and looking for work, divided by the total population of work-age individuals. This statistic is important since it demonstrates that a large proportion of the population is no longer in the labor force. The continual decrease in this rate is troublesome as it indicates a reduction in potential economic output (revenue) while increasing the probability of increased demand for government services (expenditures).

MARICOPA COUNTY ECONOMIC INDICATORS			
Indicator by Fiscal Year	2014	2015	% Change
Population	3,973,504	4,045,027	↑ 1.8%
Net Migration (000's)	35.2	41.2	↑ 17.0%
Non-Agriculture Employment	1,770,362	1,828,784	↑ 3.3%
Retail Sales	\$45.9 Billion	\$48.7 Billion	↑ 6.0%
Building Permits	15,391	18,470	↑ 20.0%

Source: Elliot D. Pollack and Company

Maricopa County Home Prices and Household Income



Maricopa County Labor Force Participation Rate



Overall, Maricopa County Economic Indicators are expected to improve between FY 2014 and FY 2015. Notably, the rate of population growth is expected to be a driving factor in accelerating the County's economy.

Housing Market

According to Case-Shiller Metropolitan Home Price Index data, the Phoenix real estate market has experienced one of the fastest recoveries in housing prices of Metro areas. The majority of these increases were realized in 2012 and 2013, as noted by the 28% and 25% annual increase in median resale price of a single-family home in Maricopa County. It is expected that housing appreciation will slow down in coming years, not to outpace income growth. Additionally, the rapid increase in real estate values will not necessarily translate into a surge in property tax revenue collections for the County since Proposition 117 caps annual home valuation increases at 5%.

Economic Risks

Economic risks to the FY 2015 Budget include a slowdown in the housing recovery, a decrease in federal fiscal expenditures, slower world economic growth and an unbalanced State budget.

Median Single Family Home Resale Value
Source: ARMLS

25.1% Increase in Median Resale Value for 2013

Median Household Income (Non-Adjusted)
Source: Census Bureau

BUDGET OVERVIEW

Maricopa County Budget and Priorities

The budget is a policy document which establishes the operational plan for delivering on-going services to County residents. It directs the funding priorities and strategic direction in levying taxes, setting fees and appropriating expenditures for service delivery.

The FY 2015 budget addresses the Revenue Outlook, Property Taxes, Expenditure Uses, Historical Overview of Maricopa County Budgeting, Econometric and Demographic Trends, State Budget Impacts, Justice and Public Safety, General Government and Education Systems, Technology Infrastructure and Capital Improvement, Health Care Issues and Employee Issues. These are used to build a structurally-balanced budget while ensuring that the County delivers results as stewards of public funds.

FY 2015 Budget Guidelines

Each year the Board of Supervisors establish budget guidelines to provide direction to the County Manager, Office of Management and Budget and all departments so that they can develop a sustainable, structurally-balanced budget that achieves, within available resources, the County's mission and strategic goals as set forth in the Maricopa County Strategic Plan.

FY 2015 Budget Guidelines

- Develop a sustainable, structurally-balanced budget over the entire economic cycle.
- Funding targeted for performance-based salary increases and critical recruitment and market issues is recommended in the amount of 2.5% on average.
- No funding will be available for new or expanded programs. Requests above the base budget must be approved by the Board for consideration.
- The base budget will include a plan to incrementally restore operating contingency and increase reserves.
- Fund balances should be limited to either building reserves or one-time, non-recurring expenditures and should not be used to offset an operating deficit.
- No funding will be available for new capital improvement projects until after reserve decisions have been made by the Board of Supervisors.

Budget Philosophy

Maricopa County develops and maintains a Structurally Balanced budget, which means that recurring revenues meet or exceed recurring expenses. Therefore, the County does not use one-time resources, such as fund balance, as a funding source for on-going operations. This serves to protect against unforeseen declines in revenues and promotes sustainable service expansion.



Mandates

Mandated services are the primary responsibility of government as they are required by Federal or State government via statute, court order or constitutional provision. In FY 2015, approximately 93% of services provided by Maricopa County are mandated or provide administrative support for mandated services.

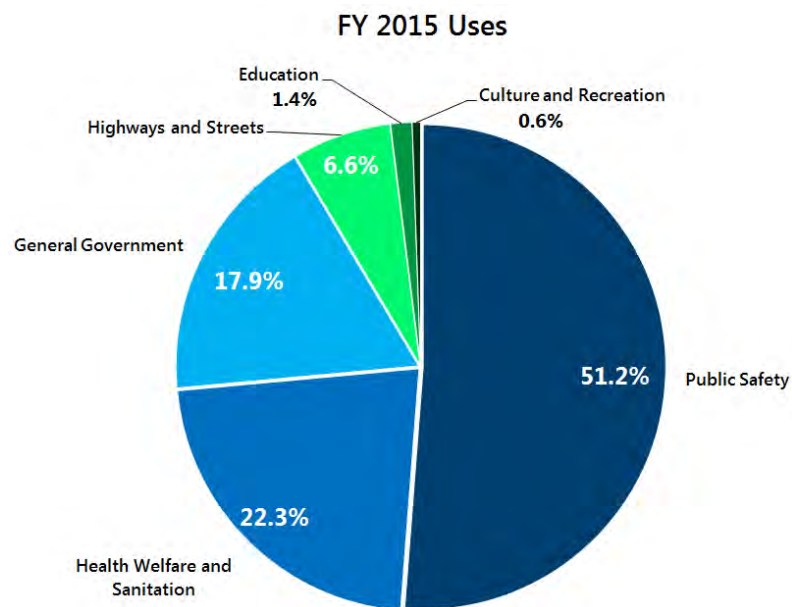
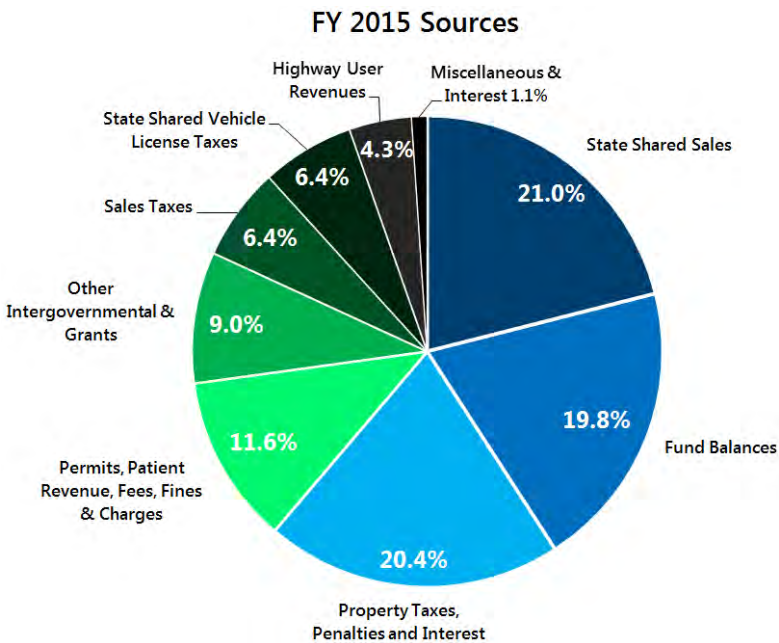
Mandated State Payments are required contributions, primarily to health care programs, that are managed and directed by the State of Arizona. Maricopa County does not have discretion over the service delivery methods employed for these mandates, and therefore is limited in the ability to contain their cost.

MANDATED STATE PAYMENTS			
Payment	FY 2014	FY 2015	% Chg
ALTCS Contribution	\$149,698,100	\$150,220,100	↑ 0.3%
Arnold v Sarn	\$50,563,660	\$52,849,014	↑ 4.5%
AHCCCS Contribution	\$19,820,700	\$19,523,400	↓ -1.5%
SVP Commitment Payments	\$4,200,000	\$3,360,000	↓ -20.0%
Total	\$224,282,460	\$225,952,514	0.74%

BUDGET OVERVIEW

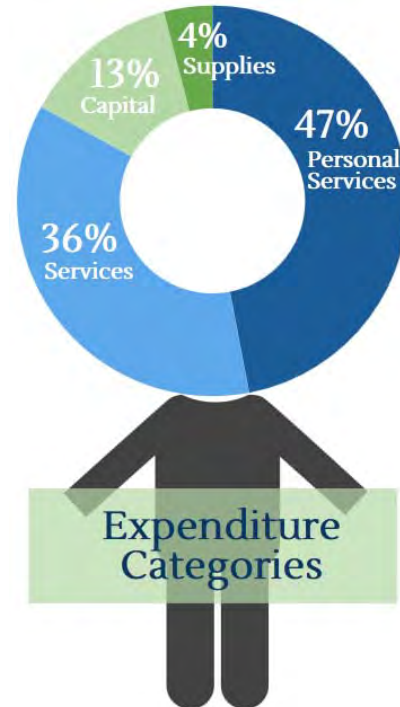
Budget Appropriation

The FY 2015 County Adopted budget is \$2,211,128,982 which is a decrease of over \$12 million from the FY 2014 Revised Budget.



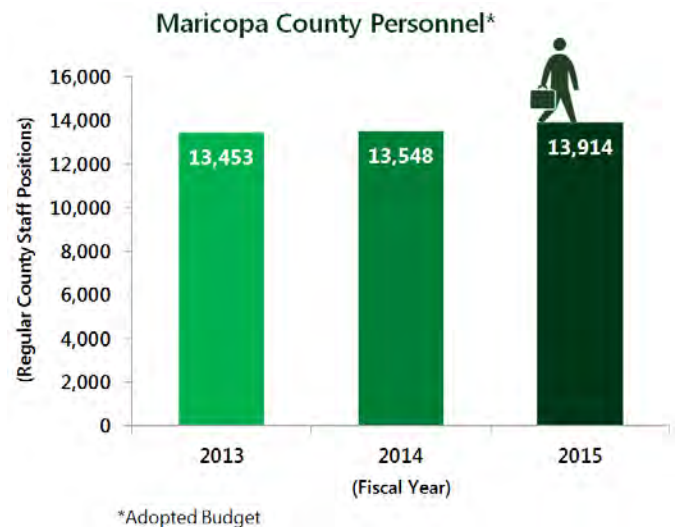
Expenditure Category Overview

The four major expenditure categories are Personal Services, Supplies, Services and Capital. These categories and subcategories are used to account for the spending decisions of the County. The majority of expenses fall into the Personal Services or Services category.



Personnel

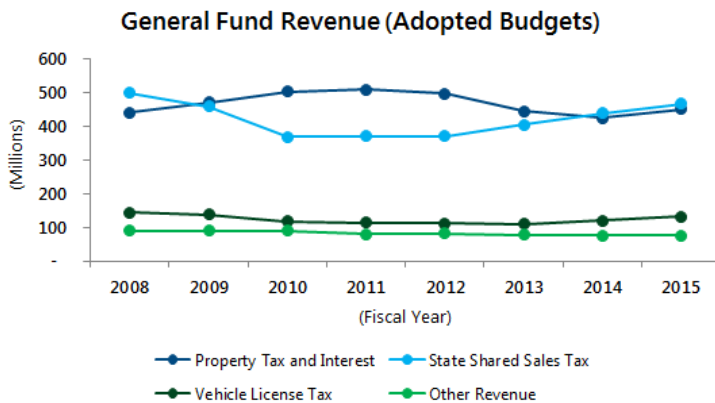
The increase in County personnel in FY 2015 is primarily due to additional Public Safety staff. The Sheriff's Department represents 65% of all new positions and is followed by Enterprise Technology at 9%. The values below represent the number of full-time positions budgeted.



GENERAL FUND

Revenue

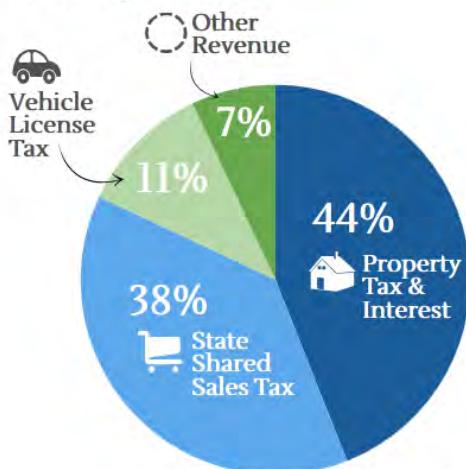
Prior to the Great Recession, State Shared Sales Tax was the leading source of General Fund revenue. During the economic downturn, sales taxes declined and were no longer the primary source of General Fund Revenue.



As the economy improves, State Shared Sales Tax is expected to become the leading revenue source for the General Fund. Over the past 5 years, Property and State Shared Sales Tax represented over 80% of General Fund revenue.

Revenue Distribution

5 Year Average

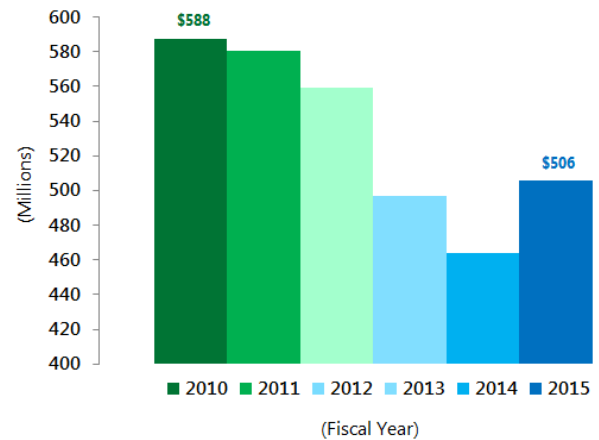


Property Taxes

Primary property taxes finance the County's general operations through its General Fund. The County is

currently \$162.9 million below the maximum allowable primary property tax levy. Since FY 2010, the County-controlled property taxes have been reduced by almost \$82 million.

County-Controlled Property Taxes



Maricopa County receives
12¢
from each dollar of property taxes collected.

Maricopa County only sets the property tax rates for the Primary, Flood Control, Library and Stadium Districts.

Maricopa County is \$162.9 million below the levy limit in FY 2015.

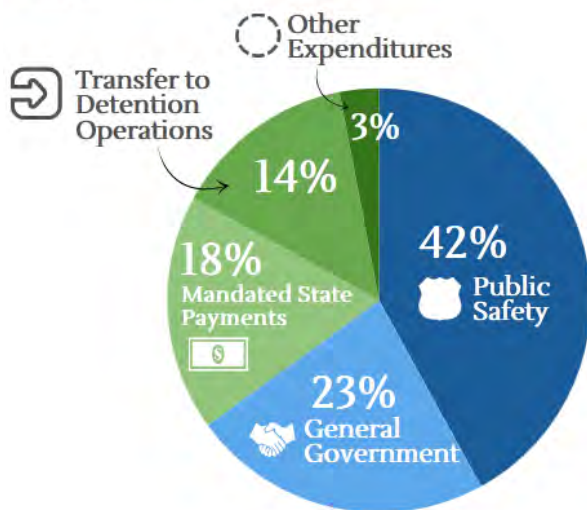


GENERAL FUND

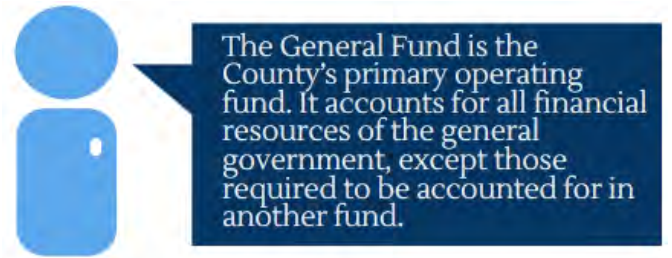
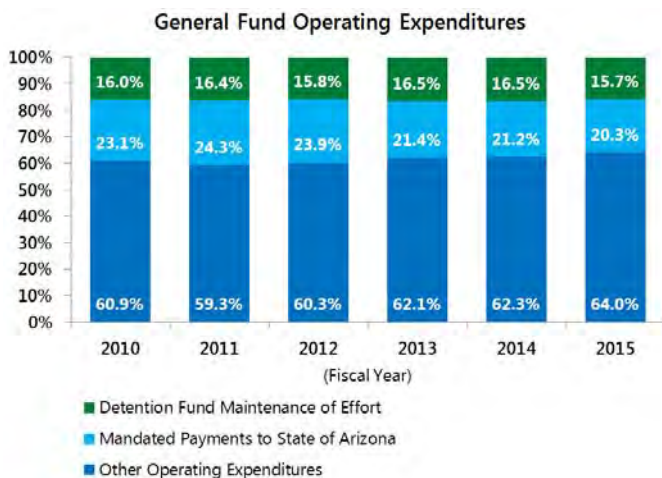
Expenditures

In FY 2015, about 32% of the County's General Fund expenditures are required payments of money either to the State of Arizona or to the County's Detention Operations Fund. The amounts of these payments are determined by statute.

FY 2015 General Fund Expenditures



Prior to the economic downturn, mandated state payments made up around one-third of the County's General Fund Budget. During the economic downturn this percentage increased to 41% as the County was required to make a contribution to the State of Arizona to help balance their budget. The remaining 62% of expenditures support Public Safety, General Government operations, and Other services including: Health and Welfare, Culture and Recreation, Education, and Transportation.



Since FY 2007, the County has reduced the General Fund Operating budget by over \$80 million.

General Fund Operating Budget Overview			
Fiscal Year	Operating Budget	Year-over-Year Change	Change from 2007
2007	1,203,772,576		
2008	1,176,981,072	(26,791,504)	(26,791,504)
2009	1,166,652,302	(10,328,770)	(37,120,274)
2010	1,090,162,676	(76,489,626)	(113,609,900)
2011	1,075,560,244	(14,602,432)	(128,212,332)
2012	1,058,467,146	(17,093,098)	(145,305,430)
2013	1,034,486,471	(23,980,675)	(169,286,105)
2014	1,056,343,141	21,856,670	(147,429,435)
2015	1,123,183,239	66,840,098	(80,589,337)

CAPITAL IMPROVEMENT

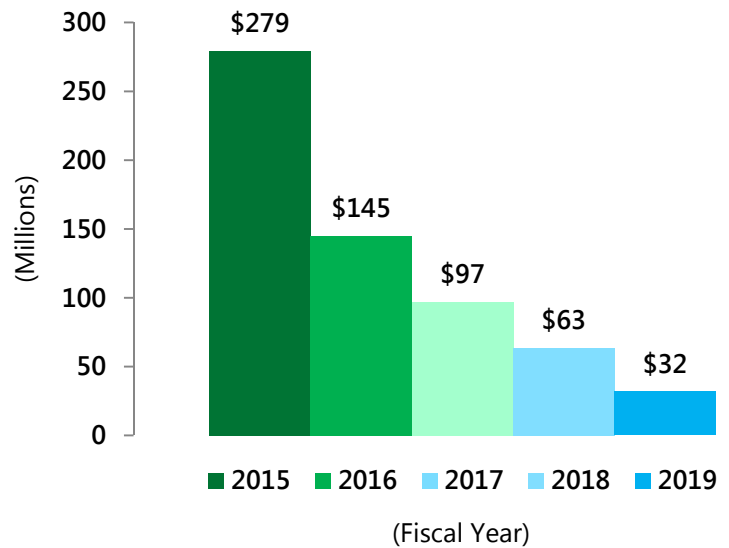
Capital Improvement Program

The Capital Improvement Program (CIP) is a plan that identifies capital improvement projects to be completed over the next five fiscal years. Because these projects typically span more than one fiscal year, the plans are updated annually to track existing projects, to identify new projects, and to update funding estimates and forecasts.

WHAT ARE CAPITAL PROJECTS?

- Any acquisition of or improvement of land for a public purpose.
- Any construction of a new facility (e.g. a public building, parking lot, road, bridge, etc.) or an addition to or extension of such a facility.
- A nonrecurring rehabilitation that increases the service potential of the building (i.e. something that is infrequent and would not be considered annual or other recurrent maintenance) or major repair of all or a part of a building, its grounds or a facility.
- Any planning, feasibility, engineering or design study related to an individual capital improvement project or to a program that is implemented through individual capital improvement projects.

5-Year Capital Improvement Program



FY 2015-2019 CAPITAL Project Highlights



Public Safety Radio System

Remaining Costs: \$96 Million



Southwest Justice Courts

Remaining Costs: \$50 Million



Jail Security System Update

Remaining Costs: \$11 Million



Infrastructure Refresh I & II

Remaining Costs: \$42 Million



MAG Arterial Life Cycle Program

Remaining Costs: \$109 Million

Future operating costs related to new facilities constructed or acquired through the CIP are carefully considered before project commitments are made. It is the County's philosophy and policy that new capital projects will be undertaken only if future operating revenues are reasonably estimated to be sufficient to support associated future operating costs.

The County's CIP is divided into three parts: Facility CIP, Technology CIP and Transportation CIP.



Facility

Typical land and building improvements



Technology

Major technology projects that substantially impact how the County does business



Transportation

Projects that are associated with roads and bridges

COMPLETED CAPITAL PROJECTS		
Completion Date	Recently Completed Projects	Project Total (M)
Jun 2012	South Court Tower	\$330.1
Aug 2012	Old Courthouse Remodel/Rehab	\$2.2
Feb 2013	Southeast Facility Remodel	\$2.5
Mar 2013	Energy Conservation Projects	\$30.1
May 2013	Board of Supervisors Audio/Visual	\$1
Apr 2014	Correctional Health Technology Infrastructure	\$3.8
Jun 2014	Sheriff Headquarters/911 Center	\$78

CITIZEN ENGAGEMENT

"Our" Maricopa County

We welcome the opportunity to hear from you on the quality of service being delivered and the value you place on Maricopa County services. Consider Maricopa County as "OUR County"; together we engage in a partnership in delivering legal services and law enforcement, public works, parks and trails and health services while promoting a strong and vibrant community.

There are various methods of being involved in the Maricopa County budget process—citizens can engage departments directly (a full listing of department contact information can be found online at www.maricopa.gov), attend Board of Supervisors' Budget Meetings or contact the Office of Management and Budget.

Board Meetings

The Maricopa County Board of Supervisors typically have Formal Meetings on Wednesdays twice a month, Informal Meetings on Mondays as scheduled and Special Meetings as necessary. The Clerk of the Board posts copies of the Board of Supervisors' meetings and agendas at 301 **West Jefferson, Tenth Floor, Phoenix, Arizona** and online at www.maricopa.gov/Clk_board.

Office of Management and Budget

The Office of Management and Budget (OMB) works diligently with County Departments, Elected Officials, and the Judicial Branch to develop a responsive, fiscally prudent, citizen-focused budget. The Budget Calendar outlines the milestones in the annual budget process.

CONTACT US

 **Office of Management and Budget**


www.maricopa.gov/budget
ombweb@mail.maricopa.gov
 (602) 506-7280

For complete Budget information:
www.maricopa.gov/Budget/BudgetDocument.aspx

OUR COUNTY



"Citizens serving Citizens by working collaboratively, innovatively, efficiently and effectively."



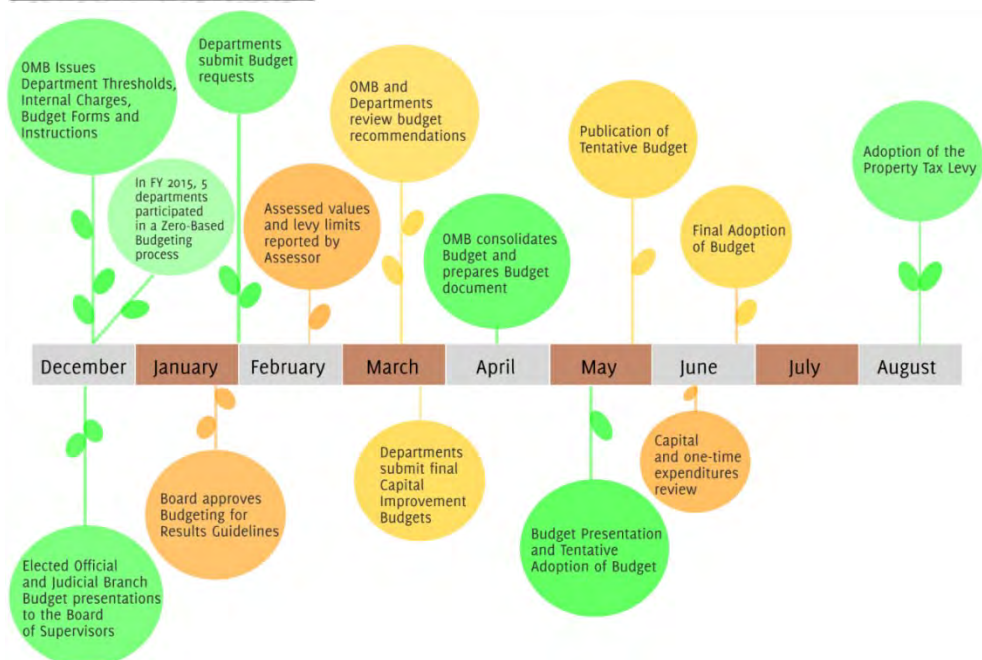
Enhanced Regulatory Outreach Program

This policy allows multiple opportunities for stakeholder input on the adoption and amendment of all regulatory requirements and includes alternative expedited processes.

Adopted by the Maricopa Board of Supervisors in order to promote consistency and transparency among regulatory departments.

Department	Phone Number
General Information (Local)	602-506-3011
General Information (Toll Free)	1-800-540-5570
Air Quality Information	602-506-6010
Assessor's Office	602-506-3406
Board of Supervisors	602-506-3415
Correctional Health Services Clinical Liaison	602-876-7110
Elections Department	602-506-1511
Environmental Services	602-506-6616
Flood Control District	602-506-1501
Health Care	602-506-6900
Human Resources	602-506-3755
Justice Courts	602-506-8530
Office of Enterprise Technology	602-506-7116
Planning and Development (Zoning)	602-506-3301
Recorder's Office	602-506-3535
School Superintendent's Office	602-506-3866
Treasurer's Office	602-506-8511
Vital Registration	602-506-6805
Voter Registration	602-506-1511

BUDGET CALENDAR





MARICOPA COUNTY ACHIEVEMENT



In 2014, Maricopa County received an outstanding 34 Achievement Awards from the National Association of Counties due to innovative program service delivery models. Below are descriptions of five award winning programs.

BEST IN CATEGORY

PROJECT DEVELOPMENT MANUAL



MCDOT implemented a new policy manual to provide a standardized process for the development, scoping, final design, and construction of projects. The Project Development Manual (PDM) is used by internal MCDOT staff and consultants to provide process guidance for project development of MCDOT Transportation Improvement Program (TIP) projects.

The PDM has been assembled to provide a standardized process, clarify the content requirements for scoping documents and final plans, and guide the development of MCDOT TIP projects. The manual guides the scoping and design of projects from initial determination to final design and construction.

CRADLE TO CRAYONS



The mission of the Maricopa County Cradle to Crayons Child Welfare Center (C2C) is the removal of barriers for the purpose of integrated service delivery and expedited permanency for infants, young children and their families. This project addresses the co-occurrence of child maltreatment, substance abuse, domestic violence and parental mental illness and implementation of a comprehensive approach to enable courts to address the complex needs of abused and neglected infants and toddlers. C2C has increased the number and rate of permanency decisions for children ages 0-3 and has reduced dependency overall, through a greater rate of returning children to their original home as compared to dependency cases in other courts.

VETERANS RESOURCE PORTAL



The Maricopa County Veterans Resource Portal (<http://www.maricopa.gov/veterans>) provides consolidated information through an outward-facing, mobile friendly website to veterans and their families on programs, services and resources provided by Federal, Arizona State, Maricopa County and other local government agencies and community resources. Historically, veterans and their families had to search through many websites to find information on benefits and services. The Maricopa County Veterans Web Portal coalesce useful information into a single website that serves as a one-stop clearinghouse to link military veterans to employment, housing, legal, training and education, wellness and other services.

JAIL WAGON PROGRAM



The Jail Wagon Pilot Program was initiated to maximize the amount of time deputy sheriffs are available for patrol functions. An internal analysis found that arresting officers spent an average of 3.8 hours transporting defendants and booking them into the jail system. Every minute spent transporting and booking defendants is one less minute that deputies are available to respond to calls for service. In July 2012, the Maricopa County Sheriff's Office temporarily reassigned two vans and a handful of staff to operate shuttles from distant areas of the County to the jail system's central intake facility located in downtown Phoenix. Over a fourteen month period, bookings handled by the Jail Wagons totaled 5,659 and averaged over 400 per month. Total deputy hours returned to patrol functions were 21,504.

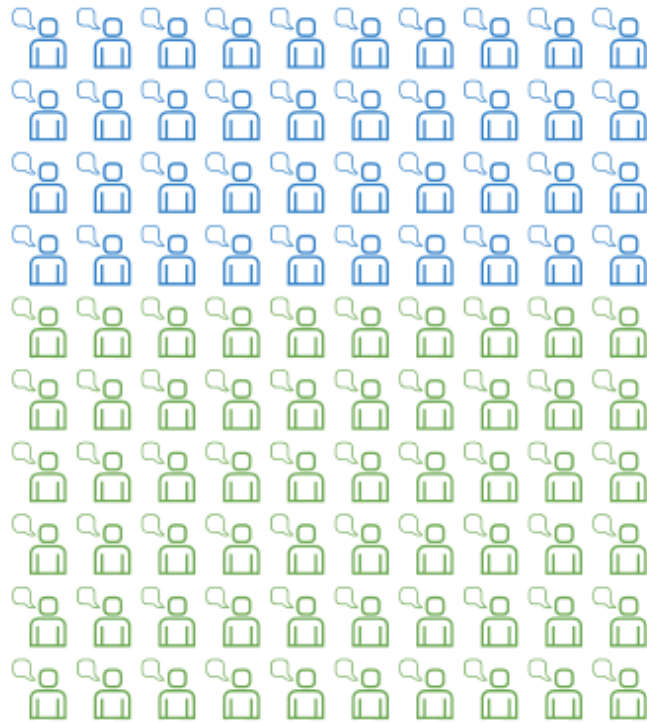
CLEAN AIR MAKE MORE MOBILE APP



The Maricopa County Air Quality Department developed its Clean Air Make More mobile application to provide a resource where citizens can readily access real-time information about the air they breathe and make informed decisions for their daily activities. This free app provides three days of air quality forecast information including high pollution advisories or health watches, air quality health index levels and definitions, local weather reports and air quality restrictions in effect each day. The app also includes an interactive 'Report a Violation' feature that enables users to submit air quality violations and photos from their smartphones or tablet devices.

40% of
residents
surveyed,
accessed
www.maricopa.gov
last year.

**VISIT US
ONLINE!**



Online Visitor

Future Online Visitor



MARICOPA COUNTY
OpenBooks
building trust through transparency



Maricopa County OpenBooks provides the public with information about Maricopa County in a user-friendly website.



Maricopa County OpenBooks is the County's pledge to provide its taxpayers with an accountable and transparent government.

<http://www.maricopa.gov/OpenBooks/>



For complete Budget Summary information,
reference the Office of Management and
Budget Documents page:

<http://www.maricopa.gov/Budget/BudgetDocument.aspx>